DOCUMENT RESUME

ED 398 817 HE 029 428

TITLE	Today's Students and the American Dream: Their Concerns, Their Solutions. Hearing before the Committee on the Budget. House of Representatives, One Hundred Fourth Congress. Second Session. Field Hearing (Villanova, PA).
INSTITUTION	Congress of the U.S., Washington, D.C. House.
REPORT NO	ISBN-0-16-052917-4; SN-104-27
PUB DATE	26 Apr 96
NOTE	48p.
AVAILABLE FROM	U.S. Government Printing Office, Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
PUB TYPE	Legal/Legislative/Regulatory Materials (090)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Access to Education; Change Agents; College Students; *Economic Factors; Educational Legislation; *Federal Legislation; *Generation Gap; Hearings; Higher Education; Leadership Responsibility; *Low Income Groups; Older Adults; Political Issues; Private Schools; Program Budgeting; Resource Allocation; Social Attitudes; Student Alienation; *Student Attitudes; *Student Financial Aid; Tax Credits; Taxes; Tax Rates; Teacher Salaries; Urban Areas
IDENTIFIERS	Congress 104th

ABSTRACT

This document presents the minutes of a field hearing before the Budget Committee of the United States House of Representatives generally regarding the aspirations and financial needs of American college students in 1996. Students from Pennsylvania, Connecticut, Massachusetts, and North Carolina addressed the Committee. The discussion focuses on the efforts of the current administration to enlarge the number of financial aid opportunities for college students. Among topics addressed are the Social Security Trust Fund, the earned income tax credit, tax fraud, tax cuts, the national debt, balancing the budget, teacher salaries, student needs, school safety, crime, unemployment, the national savings rate, private schools, the taxpayer revolution, the school lunch program, inner city problems, and urban flight. (CK)

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TODAY'S STUDENTS AND THE AMERICAN DREAM: THEIR CONCERNS, THEIR SOLUTIONS

ED 398 817

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

FIELD HEARING HELD IN VILLANOVA, PA, APRIL 26, 1996

Serial No. 104–27

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Printed for the use of the Committee on the Budget

U.S. GOVERNMENT PRINTING OFFICE

24-631cc WASHINGTON : 1996

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-052917-4

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TODAY'S STUDENTS AND THE AMERICAN DREAM: THEIR CONCERNS, THEIR SOLUTIONS

FRIDAY, APRIL 26, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Villanova, PA.

The committee met, pursuant to notice, at 1:20 p.m., at DuPont Pavilion, Villanova University, Villanova, PA, the Honorable John Kasich (chairman) presiding.

Members present: Representatives Kasich, Kolbe, Shays, Walker, Hoke, and Mink.

Member also present: Representative Fox.

Staff present: Adrien MacGillivray and Christopher Ullman.

Chairman KASICH. The House Budget Committee will come to order.

Let me just explain to the people in attendance that this is, in fact, a congressional hearing, and as a result, we need to maintain proper decorum here. So, I will just ask you to pretend like you are in church or a synagogue, and we will do fine here.

I would like to introduce the members of the committee, starting with Mr. Kolbe. Jim Kolbe is a member of the Budget Committee. He is from the State of Arizona, actually represents Tucson, AZ, and has been in Congress a number of terms now, and we are glad he is here today.

Mr. Shays, Christopher Shays, is a Congressman from the State of Connecticut, and he feels very strongly about Villanova, as you can imagine, and we are really pleased that he can be here.

We also have with us Robert Walker, who is a Congressman from Pennsylvania, and he is also the chairman of the Science Committee in the House of Representatives, so he plays a very large role in education, science, and 21st-century thinking.

We have Mrs. Patsy Mink, who has a very tough district from the standpoint that she represents the State of Hawaii, and we are pleased to have her with us today.

Next to Patsy is Congressman Martin Hoke, who is from Cleveland, OH, and I know he is very glad to be here, and John Fox is the Congressman that shares Villanova with Congressman Herb Weldon, and today, I am going to deputize Congressman Fox so that he will be a member of the Budget Committee.

Everybody else is, he is not, but today he will be a deputy on the House Budget Committee.

I want to, first of all, thank all of you for coming, and you probably are wondering why we are here.

I personally feel very strongly that a lot of what is going on in Washington, obviously, involves you and, in a very short period of time, will most likely involve your children, and I think that you have a big stake in terms of what the Federal Government is doing.

I think that young people are increasingly skeptical and cynical about any large institution, including government, because government only appears as some sound bite and a bunch of folks who you could never relate to standing behind a podium, making some kind of a speech.

I think that we need to encourage young people to be involved in the process, because if you are not involved, your interests will not be represented.

As I am sure most of you know, politicians follow the squeaking-wheel philosophy.

The wheel that squeaks the loudest generally get the grease, and there are an enormous number of decisions that have to be made in the end of the 20th century, as we go into the 21st century, in which I think you should play a very large role.

I cannot ever remember a congressional committee going to a college campus in this kind of a fashion and listening to students.

If you are a professor, we do not want to hear from you today. If you have got a student I.D., you have got a right to speak.

We are going to proceed today with a process whereby we have selected, not on a screening basis but basically on the basis of people who have something that is burning inside them and something that they have kind of thought out a little bit and have an opportunity to come and testify for about—I think it is 2 minutes—2 minutes, and then what we will actually do is, at some point, just like Phil Donahue, we go with the mobile phones here, and we will take comments from you who are in the crowd, and we will do this for as long as there is real and significant interest here, and I would ask you to let us know anything that is on your mind, keeping in mind the fact that, if the discussion becomes only one-dimensional, we keep punching the CD over and over in the same song, and I hope we are going to hear a variety of opinions here.

At this point, I would like to have Stacey Akers, Kevin Klesh, Christopher Massicotte, and Ann Gavagahn, Jennifer Turner, Jeff Baker, Jimmy McGiveran, and John Cocchione come and sit right over here, and I hope this will be an interesting experience for all of you.

We are here on a very beautiful Friday afternoon, and you have got a lot of fun things you would like to do, but I really want to thank you for taking the time to be here today, and I hope this will be a profitable learning experience for all of you, and it will demonstrate that young people count, and I want to continually congratulate this young man that has an Ohio State University hat on.

So, give him a round of applause for my sake. I am from Columbus, OH.

Anyway, I would now like to turn to Patsy Mink for any opening comments she would like to make, and then I would like to let Jim Kolbe just make a brief statement, also.

Patsy.

Mrs. MINK. Thank you very much, Mr. Chairman.

As the only Democrat member on this panel, I want to say that it is a real pleasure to be here and to have the opportunity, as the chairman has indicated, to hear from you.

We, at least from my side, will try to keep our questions very limited, because the primary purpose is to hear what you are thinking about, so your issues and your concerns as they reflect on what the Congress is doing and what the national government ought to be doing in terms of your priorities, and this gives us a very good opportunity to listen to your views and take them back to the Congress for consideration.

So much of what we do in the Congress escapes, I think, your concerns and worries about your personal futures.

A lot of what we do in the Congress will affect you in the long term, and so, it is really reassuring to see so many here today indicating their concern about national priorities.

So, I commend this university's leadership.

Thank you very much.

Chairman KASICH. Thank you, Patsy.

I may have pronounced a name wrong, and I am not in a position to mispronounce names. It is C-A-C-C-H-I-O-N-E. I pronounced it as Cacchione. Maybe it is Cacchione.

How do you say that, John?

Mr. CACCHIONE. Cacchione.

Chairman KASICH. OK.

Mr. CACCHIONE. Just like it is spelled.

Chairman KASICH. Just like it is spelled?

I am going to let Jim Kolbe just make a—well, why don't we do this? Why don't we move right to the students? Chris Shays has asked that you say where you are from, what year you are, what your major is, and that would be terrific.

Well, John, since we just got you up, why don't you come on up and start?

John Cacchione.

You are really a student dressed that well? OK.

John, you get that couple of minutes, so roll with it.

Mr. CACCHIONE. Thank you for taking the time to come, all of you.

I wanted to start by offering my appreciation for all that you have done in this Congress and giving the Federal budget a priority in its reduction.

I am pleased with the work that has been done, and I would just like to point out that perhaps that only area which I wish you could have gone further with were the tax cuts.

I feel that the tax cuts would have served as an additional stimulus to further reductions to be certain that the budget would balance in 7 years or sooner, as initially planned, and it would force a greater overall reduction in the rate of growth of government spending.

Probably, at least in my own view, the areas which I would prefer to see reduced would be a number of the social areas. We see it, for instance, in Medicare, as we are trying to do, a very high rate of growth reduced to a somewhat high rate of growth.

I feel that such a reduction would help to eliminate some of the increase in the inflation rate in the medical field. After all, I believe that it was pointed out earlier in the debate, the private-sector medical areas had reduced their inflation to 1 to 2 percentage points.

Therefore, if the Federal Government's program is increasing its spending at, currently, 10 or 11 percent a year, it is probably one of the major causes of an increased inflation in the entire industry.

Therefore, if we could reduce this rate and, as initially proposed, still cover all of the people at an increased rate over the 7 years, that should be done, because it will save the government money and should also lower the overall inflation rate in the medical field.

Those are primarily some of the primary areas with which I am concerned.

Chairman KASICH. Mr. Kolbe.

Mr. KOLBE. John, a good statement, and I appreciate it. You have given us some sense of priority as far as we are concerned. What do you believe should be the first priority for the national government in terms of where our dollars should be spent?

If you were looking at the budget, you have a limited amount of resources, and you are prioritizing those, what is the first priority?

Mr. CACCHIONE. Well, I think we should start with a number of the very basic functions of the Federal Government. One would be to provide a national defense. I do not think we should strip the Defense Department of its ability to protect us.

Also, we should look at areas of direct concern to people without overextending our resources. For example, in the Justice Department, we need to see that we have greater enforcement capabilities and great monetary budgets for institutions like the FBI and other enforcement mechanisms.

Mr. KOLBE. National defense and law enforcement would be two of your priorities.

Mr. CACCHIONE. Yes.

Mr. KOLBE. Thank you.

Chairman KASICH. Mr. Hoke.

Mr. HOKE. John, may I ask if you are a student here?

Mr. CACCHIONE. Yes, I am.

Mr. HOKE. That is pretty impressive testimony.

Why are private college tuitions spiraling? In 1990, it was $14,480, and in 1996, it was $22,640.

Mr. CACCHIONE. On this campus, I know, over the past couple of years, the administration has put a great effort in on capital improvements throughout the campus. Also, as the enrollment of the institution increases, so, indeed, does the faculty on campus need to increase.

All of these would be a number of reasons for such a large increase.

In addition to that, the administration is also trying to enlarge the number of financial aid opportunities for people, and this current increase of 4½ percent, although most people consider it large—and it is large for most people—is within the moderate area of the range of our university overlap group, and because there is a lot of expansion that is still on the docket and that is trying to

be taken care of, that is primarily where I feel these increased tuitions will be going.

Chairman KASICH. OK.

John, I really appreciate you coming up and testifying and getting so dressed up on a Friday afternoon.

Mr. CACCHIONE. I received a note here that I was to give my year and where I am from and my major.

Chairman KASICH. Yes.

Mr. CACCHIONE. I am from Delaware County, PA, and I am a sophomore currently here at Villanova, and my majors are economics and political science.

Chairman KASICH. Very good. Thank you, John.

Mr. CACCHIONE. Thank you, Mr. Chairman.

Chairman KASICH. John, do you think you will be better off than your parents are?

Mr. CACCHIONE. Yes, I do.

Chairman KASICH. OK. Thank you.

Now we will hear from Kevin Klesh.

Kevin, you have got a couple of minutes to spill your guts. Go ahead.

Mr. KLESH. OK. Thank you very much for coming out to the campus. This is really a very unique opportunity, and it really shows that you are looking to college students for input. I have three major areas I would like to see.

I am a junior here on campus, and my majors are political science and science, and what I would like to talk about are three major areas.

Since the social spending and defense are large parts of the budget, they really need to be addressed, as well as the issue of wasteful spending.

In the area of defense—my father works in the defense industry, and there is quite a bit of wasteful spending there in that the contracts that are given to the companies need to be better monitored to make sure that the funds are used properly and used toward productive goals.

Many times, projects are allowed to go on and not come to any type of completion, and they end up just costing the taxpayers money and not really producing anything. I think that there needs to be greater controls and greater monitoring of this type of funding.

Also, in the area of Social Security, it is really a big issue today, because what we see is that people are taking out more than they put in, and as we have the baby boomer generation and large portions of people going up into the Social Security range, you have less of a base to supply the Social Security funding.

So, what I propose is that you put together a type of privatized system whereby people can pay into the plan and then get some type of interest-bearing or investment-bearing feedback from that, and what that would do is also allow people to carry from company to company retirement benefits in order that they have something to rely on when they want to retire.

The way it is set up today is that people are in a company—they have to be there for 5 years in order to get any type of retirement benefits from the company.

You need something to be portable, that can go from company to company, so that people can use that throughout their lifetime and build toward it instead of having the system that we have today, which really does not sustain itself very well.

Also, in the area of wasteful spending, I would really commend the House of Representatives, the Senate, and the President on working together for the line-item veto.

I think that it was a great move in the right direction, and I would also ask that you please support a balanced budget amendment, something that would hold the government to balancing the budget each year, except in areas when you have emergency situations, of course, defense problems, and I would ask you to look at such organizations as the Concord Coalition's plans, where they really planned out a good way of balancing the budget and really looking at each program closely.

Chairman KASICH. Thank you, Kevin.

How many in here are afraid you will not get your Social Security benefits when you retire? Raise your hand. [Show of hands.]

OK. How many of you believe you will not get your Social Security benefits? [Show of hands.]

We appreciate each and every one of you—every one of you, individually—for being here today.

Questions for Kevin? Mr. Kolbe.

Mr. KOLBE. Mr. Chairman, Kevin touched on something that is very important to me.

You cannot change something that is as big and as important to a whole generation of Americans without doing it in a way that is fair and protects what they believe to be their retirement and still protects your family for your retirement.

I thought the show of hands—every town hall that I do, every classroom that I go into, I ask this question, and it is exactly the same proportion, better than 19 percent that do not believe that they will see their Social Security benefits.

It is true that more and more people in the age group of 18 to 34 believe they will never see Social Security benefits.

There is something morally wrong when that is the case, when we have created such a gap between the generations that older people are intent on holding on to the benefits that they have and are concerned about being protected in their old age and young people who believe that they are paying for a generation and that they will never be able to get the same benefit.

There is, on the other hand, a positive aspect of that.

The fact that young people are convinced of that, I think, means that they will be doing more than my generation did to help provide for their own retirement, because they know they are going to have to, that they cannot count on the government.

The problem becomes an extraordinarily serious one in just about 17 years from now, and that is not very long away, and at that point, we will be spending more out of the Social Security Trust Fund than we are taking in, the deficit starts to rise very dramatically as the government has to borrow the money in order to pay these benefits, and by the year 2030—and most everybody in this room will be working at that point—we will be entirely out of money and the deficit will be totally out of control.

In 1950, there were 16 people working for every one drawing Social Security benefits. Today, there are three people working for every one, and by the year 2025, there will be less than two people working for every one drawing Social Security benefits.

That means two people are going to have to pay enough taxes each month to support me or somebody like me on Social Security.

This is an issue that we must address as a society, and I commend you for bringing it up. I really want to commend you for raising this issue. Thank you.

Mr. KLESH. Thank you.

Chairman KASICH. Mrs. Mink.

Mrs. MINK. Mr. Chairman, I was somewhat surprised at the overwhelming number of hands that went up when the question was asked, whether you expected Social Security to be there when you were ready to retire at age 65.

I think that it illustrates a kind of skepticism as to whether the Congress and the country is going to be able to respond to the reports that have indicated that, because of the baby boom population, which will come of age about 2015, that there will not be enough thought put into coming up with solutions so that Social Security will be there in time for all of you to benefit from it.

I think that the important question I want to ask our student here—he made an interesting suggestion about how it might be privatized.

I would like to have a response in terms of whether you feel there is a national responsibility to maintain a system like Social Security, which in many cases does not provide sufficient funds for the person to really pay for all of their expenses but nevertheless creates at least a small measure of support for that individual and his or her family.

The question I want to put is, notwithstanding the fact that there might be some difficulties in the year 2015 and beyond because of the huge baby boom factor, what is your basic feeling right now about the necessity of the government maintaining such a security system for those who are retired and having to live on perhaps a nonexistent pension?

Mr. KLESH. As I addressed, we certainly need to have a system in place to help people when they need to retire, and as it is put right now, the way that the private system is, where the companies provide certain retirement benefits, you have to wait the 5 years.

So, what that does is it forces many people to have to rely solely on Social Security.

So, if we somehow, you know, integrate the two systems, bring them together, so that that is a type of program supported through the companies not only by taxpayers, so that people have something they carry from job to job, they are accruing over the lifetime, instead of having to wait that 5 years to get any type of private support, and then relying 100 percent on the government, and I think that is really the key way we are going to be able to do that, so that we are not having a system where it is top-heavy and, you know, we worry about funding what we have now, but I think it is certainly a priority that must be kept on the budget and kept as a important point.

Mrs. MINK. Thank you very much for your reply.

Mr. KLESH. Sure.

Chairman KASICH. Kevin, do you think you will be better off or in worse shape than your parents?

Mr. KLESH. I think I will probably be better off.

Chairman KASICH. Not sure, though, huh?

Mr. KLESH. Not certain. I mean the future is not very certain, but I think that probably better off.

Chairman KASICH. Thanks, Kevin.

Ann Gavagahn, the Annie Lennox of Villanova.

Ms. GAVAGAHN. Hi. My name is Ann Gavagahn. I am a junior, a political science and honors major, and I come from Lansdale, PA, which is in Congressman Fox's district.

I am sure that a lot of people in this room right now are worried about finding a job after college, and the jobs we do find are probably not going to be high-paying jobs, and I would like to talk to you today about a little tax program that will help workers in low-income jobs, and it is called the earned income tax credit.

Few incentives exist right now for a welfare recipient to work. Why should they work when they can make almost as much money on welfare as they can with a full-time, minimum wage job?

So, the government instituted the earned income tax credit in 1975. It is a tax refund for low-income workers. Right now, families with incomes up to $27,000 are eligible. Both parties love this program—or used to love it—I should say.

President Reagan even called it the best antipoverty, the best pro-family, the best job-creation member to come out of Congress, and I would like to thank those of you who were in Congress at the time that this was instituted.

Earned income tax credit funding soared at that time. The cost of the refunds have soared from a maximum $400 refund in 1975 to a $3,000 refund today. However, now people are saying the program has grown too rapidly and instances of fraud are rampant, which is true.

There is an 11-percent fraud rate, and that is purposeful fraud rate, from the earned income tax credit, compared to a 6- to 7-percent fraud rate in other standard AFDC welfare programs.

I read in the paper that you came here looking not only for ideas but for solutions, and there is a twofold problem with the earned income tax credit: (a) the high problem of fraud, (b) the fact that not enough people know about it.

After all, President Clinton has estimated that 2 million people who are eligible to receive the earned income tax credit still do not receive it.

What can we do to abate the $1 billion that the earned income tax credit costs in fraud to the government every year? What we can do is establish a stricter program.

The last time the IRS—they established an audit last year of earned income tax credit recipients—and they used the earned income tax credit dependent questionnaire form. Why isn't this form a regular part of the earned income tax credit?

In order to receive it, why shouldn't all recipients be forced to fill it out, not just fill it out once they are being audited?

In addition, the IRS also has an automated telephone service where they call people to ask them about audits, about questions,

about mistakes on their tax form. Every single person who fills out an earned income tax credit claim should be called by this service.

Yes, it is true that low-income families may not have access to phones.

The IRS should hire more people, then, to go out and visit people door to door, and you may be saying, "Uh-oh, we have got to hire people, that is going to be an expense," but if you are reducing the $1 billion in fraud, it will be more than made up by the hiring of the people.

The little money that is spent there will save you in the long run.

The refund will not be processed without the IRS investigator saying this person is telling the truth.

In a class last semester, I visited a welfare office in Philadelphia and saw how the program works there, and I think the same thing can be instituted in the IRS to end fraud.

If recipients feel the process is unfair, then they can go to the IRS and they could appear, but if it has been found that they are being fraudulent, they should not be eligible for the earned income tax credit.

We also have to solve the problem of getting people to know about the earned income tax credit.

If we establish a bigger education program and require more public service announcements on radio, television, more billboards in inner-city neighborhoods, et cetera, I think this can be established.

I work as the general manager of the radio station at Villanova University. We get public service announcements in all the time, but the IRS has never sent us anything about the earned income tax credit.

It is a program out there that is excellent, it is a program out there that helps welfare recipients. Yes, we have got the fraud problem now, but with just a little tinkering, we can erase the fraud and save the government some money and also save this program.

Thank you.

Chairman KASICH. Good testimony.

Questions for the lady. The gentlelady from Hawaii is recognized.

Mrs. MINK. I certainly appreciate your very knowledgeable testimony here on a very important program that helps working families, and I think the bottom line, however, with respect to earned income tax credit, is the government could save money in terms of its output of revenue if we merely raised the minimum wage so that more money would be earned by these families.

Do you have a comment on that?

Ms. GAVAGAHN. As a person who is earning the minimum wage right now, I would definitely love to see the minimum wage raised. However, the earned income tax credit is a program that helps families that earn up to $27,000 a year.

If you have two parents working full time, they earn more than that. It is not going to be a minimum wage thing. So, I think the program still applies.

I think we need to raise the minimum wage but also keep the earned income tax credit in place, because as a young person, if you are trying to make it on your own on the minimum wage plus

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renting an apartment plus transportation to and from work plus all the other expenses like food and clothing that just happen to come in, you really have to scrimp and save to make it on minimum wage.

Mrs. MINK. Thank you.

Chairman KASICH. Mr. Fox.

Mr. FOX. Thank you, Mr. Chairman.

Thank you for your testimony. You were very eloquent in speaking to the issue.

We probably need to have the Attorney General and the Ad Council involved and also an op ed to the newspaper, and that would go a long way for those who do not know about the issue to hear about it. I also think that the talk radio programs should hear more about it, too.

Ms. GAVAGAHN. Congressman Fox, if I can say a couple of things.

First of all, I am involved in talk radio at Villanova. Believe me, we talk about stuff like this all the time.

Secondly, I would have to disagree with you about the Attorney General's office getting involved. The IRS already has some fraud programs set up. I think they can do a better in-house job. Getting the Attorney General's office involved is just another level of bureaucracy.

I think that the IRS would be better just spending the benefits. In cases of welfare fraud, welfare recipients who are found to commit fraud are not allowed to receive welfare for 6 months, then 1 year, then 5 years, and then they are suspended.

Mr. FOX. I appreciate your suggestion.

Chairman KASICH. Mr. Walker.

Mr. WALKER. Just a question. In terms of your paycheck—someone said we have got to talk about minimum wage and all these tax credits and so on.

Wouldn't you think you would be better off with an increase in the minimum wage and elimination of a lot of the taxes that you now pay?

It seems to me that there is a lot of Social Security tax and income tax and so on for low-income people that, if we eliminated that, you would actually end up with more take-home pay.

Ms. GAVAGAHN. You know, you say that, but at the same time, I would rather see an increase in the minimum wage, because I think the government provides some valuable services out there, and I do not think Social Security should go to all people, but I used to be a cashier in a supermarket, and when you see old people coming through the lines with food stamps or old people scrimping to make that Social Security check last through the month, then we really do need to work on fine-tuning those programs rather than just cutting them altogether.

Mr. WALKER. Let me suggest to you that some of the taxes you pay in Social Security goes to pay for Medicare for people who earn a million dollars year.

Ms. GAVAGAHN. I know.

Mr. WALKER. So, the question becomes whether or not you ought to have perhaps a cut for lower-income people and have the higher-income people maybe pay for their own medical care.

Ms. GAVAGAHN. Mr. Walker, I think you are best equipped to answer that question, because you are in Congress. I am just a junior in college.

You have the power to make adjustments in the Social Security system, in Medicare to make sure that the person who does have the million dollars in the bank does not get Medicare. I do not have that power.

I would like to increase the minimum wage but also have Social Security go to those who need it. You guys can do that, and please, please, we really need you to do that.

Mr. WALKER. What if the minimum wage increase cost a large percentage of the people who get the increase their jobs? Would you rather have them working than out of a job because the employer simply could not pay the increased minimum wage?

Ms. GAVAGAHN. You know, that is an interesting point, and I do wonder about this sometimes, but then I look at job creation in the United States and I look at how jobs are rising and then I realize, where are the jobs coming from? They are coming from minimum-wage jobs.

They are always going to be building a new Taco Bell or a new McDonald's that are having minimum-wage jobs. I do not think we are going to have a problem with supplying people with minimum-wage jobs.

I think we have a problem with getting the minimum wage to supply people with a standard of living.

Mr. WALKER. Thank you.

Chairman KASICH. Mr. Hoke.

Mr. HOKE. I do not want to get into a minimum-wage argument. Actually, I will, because it ought to be a dispassionate economic argument, and in fact, it has been politicized.

I have McDonald's always being used as the minimum wage example, and yet—I represent Cleveland, OH. I mean there are always McDonald's that have got "Help Wanted, $6 an hour."

Look, I do not for a moment think that people can raise a family on minimum wage, and I understand that—and I do not think any of us suggest that, and that is not really the point of the argument.

We are always being told McDonald's and Taco Bell's were the $6-an-hour—I was on a plane back to Washington with a woman who owns a really terrific restaurant in Cleveland, and she told me she was vehemently opposed to raising the minimum wage, because it was going to be a real problem for her in terms of even being able to stay in business, and so, she told me, and I said, well, do you pay anybody minimum wage, and she said we do not pay anybody minimum wage, I have got to pay my dishwasher six bucks an hour, and even then, I know I am hiring ex-felons and have got problems in the kitchen and I cannot get anybody else to work and I cannot get anybody to work for less than that.

So, all I would like to point out for the record is that I do not think that McDonald's pays minimum wage, I think they pay a little more.

Ms. GAVAGAHN. Mr. Hoke, if I can interject here——

Mr. HOKE. Do you know what McDonald's pay for starting?

Ms. GAVAGAHN. I do not know what McDonald's pays for starters, but I think you need to look at where some McDonald's——

Mr. HOKE. Well, you said McDonald's and Taco Bell.

Ms. GAVAGAHN. I think you need to look at where some McDonald's are located.

If you find McDonald's in the suburbs, they are going to be paying a higher cost, because they can get high school workers to work there. If you go to McDonald's in the inner city, they are going to be paying minimum wage.

Let us look at where we need the jobs. When you see these $6-an-hour signs——

Mr. HOKE. Can I interject? I am not sure that that is correct. I think that you might find that you have to pay people more in the inner city to work at a McDonald's than in the suburbs, because it is harder to attract a person to work there.

I am telling you about a neighborhood on 117th Street in Cleveland, OH, which is in Cleveland. I am asking you the question. You are the one that made the statement that Taco Bell and McDonald's pay minimum wage. Do you know that to be true?

Ms. GAVAGAHN. I do not know that. I can assure you, though, that at some places they pay minimum wage.

Mr. Hoke, I would also like to point out that I am living now as a resident on the main line, and the places where I go, fast-food restaurants, I see them staffed by people from the inner city, in Philadelphia, who come in here to get a job, because there are no jobs in Philadelphia, and they need to come out to the main line to work at a fast-food restaurant to get a job.

That is what I see.

Mr. HOKE. That is great.

Chairman KASICH. Let me move on to the next person and, first of all, thank Ann for—I would be very interested in your—in the recommendations you have on the earned income tax credit. We would like to take a look at that.

I will point out that you are all welcome to pay off the $5 trillion national debt, but it is more than $10 to $12 trillion, and if you started a pizza place when Christ was on Earth and you lost a million dollars a day, 7 days a week, you would have to lose a million dollars a day, 7 days a week for the next 700 years to get to one trillion, and your debt is going to be somewhere between $10 and $12 trillion, and I want to point out that the earned income tax credit is growing at twice the rate of college student aid, because it is growing at about 10 to 11 percent and is one of the fastest-growing programs, and it is a valuable program for getting people to earn their way off, but we need to clean it up, and I want to thank Ann for being here with us today.

Thank you, Ann.

Christopher Massicotte.

Chris, come on up.

Mr. MASSICOTTE. First of all, I just want to thank you all for coming today. My name is Chris Massicotte. I am from Lunenberg, MA. I am a sophomore accounting major.

The first question I have—actually, a concern—is on entitlements, such as Social Security, Medicare, Medicaid.

I am not sure if Lyndon Johnson knew what he was doing when he signed Medicare into law back in '66 or '67—I am not sure when it was—but it has grown out of hand, and also, I do not know if

FDR knew what he was doing when he signed Social Security into law, and that has also grown out of hand.

Some people forget, maybe, what Social Security and Medicare are, something called automatic stabilizers in the economy, like when the unemployment goes up, unemployment insurance comes up, and that comes out of Social Security, I believe, right?

I do not think we can really fool around too much with Social Security and Medicare, because if we do, then we will actually have a larger impact on the economy than what most people think will happen.

Another thing is—as was mentioned earlier, people said that they did not feel that defense should be cut. I saw a bumper sticker the other day that said the national government spends $300 billion a year on defense, but who is attacking?

I believe that defense should be cut. I read an article last week about Bill Clinton in Japan, talking to Japan about them defending themselves, because it is in their constitution that America defends Japan.

I believe that Japan should defend itself. I do not think we should have to.

It was right at the time, after World War II, that we should defend Japan, but I think they have grown into their own and that they do not have to, because if a war was to break out in Korea, since there is conflict there, it would be American soldiers that would die in Korea, and it would be Japan's government, you know, debating over how much money they should cough up for it, and I do not think that is right, because we are actually defending Japan's land.

So, I believe that defense should be cut and that the money that we receive from the defense cuts should go to such entitlements as Medicare and Social Security.

Thanks.

Chairman KASICH. OK.

Questions for Christopher? Mr. Kolbe.

Mr. KOLBE. On the national defense issue, I would urge you to look at this issue very carefully and not from the standpoint of how much money do we want to spend on defense and then, now we will design a defense program to go with it.

You said we are not under attack anyplace in the world today, but I would suggest that the end of the cold war has actually, ironically, left the world, in some ways, a much more unstable world out there, and the U.S. role still remains a very paramount role.

We are the only country that has the political, the diplomatic, the military, the economic, and, I would say, the moral power to be a superpower, and just specifically on the issue of Japan, for example, when President Clinton talked about that, when he talked about our commitment to defense, he was standing on the deck of a 40-year-old aircraft carrier that is well over 10 years past the time of its life expectancy and being held together with wire and chewing gum.

If we change the Japanese constitution, or if they change it, to provide for defense for themselves, that is, conversely, going to cause a great deal of anxiety in Korea and China and other places that will mean a very large, massive buildup in Asia.

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That is not in our interests, and so, I would say that you need to put all of these in context of the global situation and the regional situation when you think about it.

It is easy to say let Japan defend itself, but in the end, we might find ourselves bearing a very large cost to try to separate the powers over there if Japan suddenly was to re-arm itself. It is a very delicate situation in Japan.

I appreciate the comment, and I commend you for the thoughts that you have given us today, and I just want to point out that sometimes those things are complicated issues.

Chairman KASICH. Let me just ask a question of you, Chris.

First of all, I would like to know, how many people in here know if Medicare is going to be bankrupt within the next 7 years? [Show of hands.]

How many of you believe that you will ever receive Medicare benefits? Raise your hand. [Show of hands.]

How many of you do not believe you will ever get Medicare benefits? [Show of hands.]

OK. Well, let me ask you a question, Chris. We have a $5 trillion national debt. The real debt is somewhere between $10 and $12 trillion, because you are all going to have work and your children will have to work to pay for our benefits, and we really appreciate that.

Chris, you said that, if you save money in defense, you would put it into entitlements. How would you think that we are going to—which would mean you would spend more, right?

Mr. MASSICOTTE. Exactly.

Chairman KASICH. How would you think that that is going to get us to a balanced budget and solve this problem of these big debts?

Mr. MASSICOTTE. I am not sure a balanced budget is in the best interest right now for us.

I mean I know that the people in Congress want to balance it in 7 years, and in 7 years, we will be working hard, and we will not be getting the benefits that you did, not that I want to pass the buck up to my children, but I do not believe that 7 years is long enough for us to bring the government to balanced budget.

I would agree with more like 20 to 25 years to bring it to a balanced budget, and that way, we can learn to spend less, to live on less, and that our government is not supposed to be out there just to provide for us.

Chairman KASICH. One last question. Do you think that the level of government spending is going to determine what your life is going to be like?

Mr. MASSICOTTE. Personally, no, but for others out there, yes.

Mr. SHAYS. The timeframe just referred to, in order to get the revenue to support the government at that kind of level for that long, the prediction is that we would have to have an 87-percent tax rate by the year 2020. That is in 25 years.

Are you prepared to pay an 87-percent tax rate on the income that you earn?

Mr. MASSICOTTE. I am not prepared for an 87-percent tax rate, but I do believe that the taxes in this country are way too low. In countries like Sweden and Finland, they pay tax rates of up to 60 percent.

We have the lowest tax rate of all the G–7 countries in the world, and the United States has not provided for us.

In Sweden, the university costs are paid for, all their high schooling costs are paid for. Every person in Sweden or Germany or France has the same opportunity when they come out of high school as every other student, not because of income.

Mr. SHAYS. Their economies are collapsing.

Mr. MASSICOTTE. Not Sweden's.

Mr. SHAYS. Sure it is. The European economies are collapsing.

Chairman KASICH. Mr. Hoke has a question.

Mr. HOKE. Thank you, Mr. Kasich.

James Otis said in 1765, as one of the rallying cries of the American revolution, taxation without representation is tyranny, and I go to high schools a lot—now, I realize that probably—how many people here—how many of you students have already—just the students—how many of you have already voted in one—at least one Federal election? [Show of hands.]

OK. Well, then, so, a lot of you have actually voted.

Now, Chris, you have not.

Mr. MASSICOTTE. No, I have.

Mr. HOKE. Oh, you have. I am sorry.

When I talk to high school students about this, they really get it.

I would imagine that you get it, but in fact, what we have done is something that I think is tremendously immoral, and I really think that the most potent argument, the most compelling argument is the moral argument with respect to the way that we run our Federal budget, and that is that we have taxed an entire generation, plus probably another generation, and stolen from them without their consent.

That is exactly what a $5 trillion debt is, and I think that, you know, regardless of whether you—how you feel about what government programs ought to be and ought not to be and all those arguments, the fact is that it is simply wrong, it is absolutely wrong for us and now for you, as a voter, to be stealing from our children, that it is just not right, and I will tell you what happens.

Like with many, many things in life, when you start to do the wrong thing, you get terrible results, and all of these results compound on top of themselves, but when you do the right thing—and the right thing in this case is not to steal money from our children and not to spend money that we do not have, and when you say that you can see waiting another 20 or 25 years before we balance the budget, that means every single year we are borrowing from the next generation when we do that, but what we do not do—or what happens as a result of that bad thing in the first place is that we get worse government, because instead of getting the kind of sharp, thoughtful, focused decisions and debate that happen when you have got to have—when it has got to come into balance, when you cannot spend more than you have, when you have to pay for what we do on a pay-as-you-go basis, we get much worse results, because we just write checks against an account that never balances.

Chairman KASICH. I am going to exercise the dictatorial rights of the chairman, and we are going to start—no more professorials from up here. We have covered four people, and you are done.

Thank you, Chris. You did a great job.

We are going to go to Jeff Baker, and I can see some hands going up, and as soon as Jeff is done, we are going to come out—are we prepared to use the—we are going to use a little mobile mike, OK?

Jeff, it is your shot.

Mr. BAKER. My name is Jeff Baker. I am in the electrical engineering program. I am a sophomore.

The thing I would like to bring up is the current budget that was just passed on Wednesday. I do not think it went nearly as far and I do not understand where the Democratic compromise was.

To my understanding, Clinton's crime bill and America are still intact. The Departments of Education, Commerce, Housing and Urban Development, Health and Human Services are still intact. There was no true reform in retirement programs.

The EPA, the IRS, and even the Public Broadcasting Network are still intact.

I would like to know where the Democratic compromise was.

Chairman KASICH. Do you have anything else you want to say, Jeff, or do you want me to answer you right now?

Mr. BAKER. You can answer right now.

Chairman KASICH. What if I told you, Jeff, that the amount of money we saved was the most amount of money we have ever saved since before 1946?

Mr. BAKER. I do understand that. I commend you for that.

Chairman KASICH. It was pretty good to save the most amount of money since World War II, wasn't it?

Mr. BAKER. I do not think it went nearly far enough.

Chairman KASICH. OK. Jeff, thank you.

Let us go to the mobile mikes, and we will do 2 minutes of this, and at this point, I would like to have Jimmy McGiveran come to the witness table.

STUDENT. I am from Montgomery, PA.

My concern is that the Federal Government does not seem to set its priorities before setting its budget.

My second concern is Social Security.

I believe we need a graduated system where people our age who are equipped to plan 30 years in the future financially will be planning, will be able to take some of their money, instead of paying it to the government, and would be able to keep it for themselves and be able to plan for their retirement, and balance that system over a long period of time, where people who are close to retirement, say 55 years or older, are still having that security blanket that they have been counting on, and the younger you are, the more chance you have to plan for your own future, and the rest of your money would be going to the government.

My last point is on student loans. I hear that there is great need, right now, according to Congress, to start—to stop funding student loans. I believe that this is a sound policy. I do not believe the government owes us any obligation to pay the interest in our own loans.

I think it would encourage people to make rational choices about their education and that the government maybe could possibly help pay off the deficit assuming it is not an unconstitutional assumption of authority.

Thank you very much.

Chairman KASICH. OK.

You know, he said he had three points to make. He is in law school. That is why he made four, right?

Anyway, thank you for your comments, young man.

Ms. GARVIN. Hi. My name is Joann Garvin. I am a mechanical engineering sophomore here at Villanova, and I have a comment for Congressman Hoke.

I came downstairs today out of curiosity. I do not know that much about economics. I am in the computer lab all the time.

From a working student point of view, we do get paid minimum wage at McDonald's and Taco Bell. We sweep floors, we scrub dishes, we park cars, and we get no tips, but we get paid minimum wage, and it does not allow what we have to pay out.

Just being a student costs a fortune. I am not even on my own yet, and it does not help me. I just wanted to make that point clear.

Chairman KASICH. Thank you, young lady.

I would urge you all, however, when you go back to class, when you get back into your economics class about how things work, to ask your professors to give you the economic arguments on both sides, and then you decide.

STUDENT. I am a returning student to Villanova, finishing up my bachelor's degree. In the 3 years that I have been away from Villanova, I have been employed full-time. I worked with women of all ages as a pre-school teacher. We earned $6 an hour.

I was the only one at the pre-school who did not actually have my bachelor's degree. All of the other women I worked with had their bachelor's degree and plenty of experience.

We were doing a job from seven in the morning until four or five at night, which enabled parents to work outside their home, yet we were earning $6 an hour, with college degrees.

I do not feel that this is fair, and I would like to know—you know, I wasn't working at McDonald's. I am an educated woman.

I am doing a very important job in the community, and I would like to know how you would justify, or if you do, this much pay for such an important job, talking about not stealing from the next generation, and what you will do to change this phenomenon for us.

Chairman KASICH. Let me just say that we can go a whole round here where you ask us questions and we respond, but what we are going to end up with is another one of these long deals where you do not get to speak as much.

I will be glad to personally stay here, in the little bit of time I have in between my flight, and answer any of these questions you have. I think it is a very good question, and it's a question about whether government can tell people what to pay people or not.

I do not want to get into that. I would rather hear your questions and your comments. For example, what the gentleman said about

us wanting to eliminate student loans is just factually in error, but I want to hear from you, rather than respond to everybody here.

STUDENT. I am a junior biology major, and I would just like to shift the focus a little bit and ask you if you can clarify which environmentally related riders were included in the 1996 Federal budget and if you can justify why each was included as a budget item when many of these issues were not strictly budget-related.

Chairman KASICH. Again, I mean Mr. Kolbe is here, and he was in on the subcommittee where they included the environmental riders, and if you want to change the format, we can, but for every one that we answer with you, we do not hear from three others, and I would rather hear from three others, and I would ask you to stay and ask Mr. Kolbe directly.

Mr. KOLBE. I just want to say that all the environmental riders were taken out. Over the last 25 years, there have been 35 or 40 continuing resolutions, and every one of them had legislative provisions.

Chairman KASICH. We are not going back, but it would be terrific if, instead of reading prepared statements that somebody may have prepared for you or helped you prepare or that you prepared yourself, I would like you to, as much as you can, get it right from the gut, and that is what we are kind of interested in.

I do appreciate that very thoughtful statement, though, that young lady just asked.

STUDENT. I have three quick comments.

I think you exacerbate the problem in many ways. Every time you call me Generation X, every time you are surprised by our suit, you are reinforcing the view that you are not going to represent my age group even if I do get involved.

I also think that one of the most important things that government should do right now is really develop a cohesive implementation network, getting all levels of government involved, getting the nonprofit sectors, the private sector together, working collaboratively.

It will be cheaper for everyone, and we will have less overlap and more effective delivery of all sorts of issues.

I think this government needs to have more active involvement in internships by people of our generation. It encourages involvement in government. It encourages public sector careers. It encourages more comprehensive understanding of how the system works.

It would reduce some of your staffing problems, because we work for free.

STUDENT. I am a sophomore accounting major from Wisconsin. I just have two quick questions.

I would just like to say I am for student loans. I think a lot of us here—we cannot afford the $22,000, $23,000, $24,000, and without the Federal Government's support, a lot of us would not be able to be here.

Thank you for coming.

STUDENT. I like seeing all of you politicians here. It is the first time in a long time.

I feel that America used to be the greatest nation in the world, and I am afraid that I cannot honestly say that anymore, because

we have lost much of what we are, and we need to get back to the schools, public schools, and really give them the money they need.

The public schools are not that well-equipped to give kids the tools they need to get into top schools and to really succeed and make a difference in the world. The kids I know cannot afford it.

I went to high school with a kid, one of the brightest kids I have ever met—clearly, this kid had the mind to go to Princeton or Harvard or Yale and could not afford it. He could have made a difference somewhere.

There is tons of money spent on Medicaid, Medicare, and things like that, and not enough money is being put into the educational systems, the schools, and they do not have the proper funds.

A high school teacher does not make a high enough salary compared to the job and the service they do for this country. The teachers of this country are the most important things that this country has, and they get treated like garbage.

A teacher makes $20,000 a year, $24,000, $25,000, and that is not enough. They need to get the money they deserve to make it more of a lucrative position, so you get the great minds to help foster the young minds.

STUDENT. Hi. I am a junior biology major from Long Island.

We come here today to give you our comments, our opinions on what we think this country needs help on, and we cannot have that happen unless you give us respect, as we do you, to listen to what we have to say, and I think, from that point on, then we can finally focus on the problems and take care of the problems, instead of worrying about what other countries of the world are doing.

First of all, we have to take care of our people first, and I thought that we should just stress that to you.

I just want to answer the question of whether or not I will be better off than my parents. I am supposing that is economically. All I know is that, when my parents were 20 years old, they did not have $20,000 worth of debt.

STUDENT. I am a junior here at Villanova, an honors major. If I sound indignant, it is because I am.

I have been around this country, from Boston and New York to Indiana, Pennsylvania, Houston, TX, listening to what people are going through, and I think that the pace at which you are trying to push the welfare reform is really hurting kids the most, and I have seen it.

I get really upset, because I have worked with people, and I get very upset, because it seems like you sit up there and you do not really know what is going on, and you make little jokes and little side comments, and you are so far removed from what is going on.

What I am most concerned about is that this economy is changing, and instead of blaming the people who are at the very edge of it—everybody thinks it is really great to be a man, and you are shoving these kids and women out.

What if the economy changed and career politicians were no longer needed?

Chairman KASICH. Thank you.

Go ahead, sir.

STUDENT. I am a junior English major from Los Alamos, CA.

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Mr. Kolbe, you said you felt that the quality of elementary schools in this country was not the responsibility of the Federal Government, and I just want to say that we have overcrowded classrooms with 40 students to 1 teacher.

We have schools in this country where we have only two working toilets for hundreds of students, with raw sewage flowing in basements.

When the drop-out rates are as high as they are in this country and when we are losing an entire younger generation of people, that is, without question, not just the Federal Government's problem but everybody's problem.

Chairman KASICH. OK. Thank you.

We will have another open-mike session soon.

Jimmy, it is your turn.

Mr. MCGIVERAN. Good afternoon, esteemed committee members, ladies and gentlemen of the press, students and faculty members. My name is Jimmy McGiveran, and I am a junior accounting major from Stamford, CT.

I, like many of my fellow students, do not come from a family where my folks can simply write a check and pay for my college tuition. Due to that fact, I have had to work numerous overtimes, receive loans, and get scholarships.

What I am asking you about right now is how do you plan on making tuition more affordable due to the fact that the rate of increase in tuition is accelerated in comparison to the inflation rate?

Chairman KASICH. Mr. Kolbe is recognized.

Mr. KOLBE. Although we heard one person testify that he thought it was not a national priority that we provide for student loans, the Federal Government and the Budget Committee has not considered reducing the loan volume, and as one of these charts will show you, we are talking about increasing it rather rapidly, and similarly, with the Pell grant, this last year in our budget proposal, we increased the size of the Pell grant to the largest one it has ever been.

What I wanted to focus on is this one right here, and this is one bar that is missing, but this is the increase from 1984, the last 10 years, '84 to '94, the last year for which we have data.

In private 4-year colleges, tuition costs—total college costs—excuse me—increased by 95 percent during that time. Public 4-year colleges have gone up 81 percent, and the tuition rate has gone up 42 percent.

The one that is missing at the bottom here is what has been the increase in total Federal Government grants, loans, and so forth, and it has been above the inflation rate, but it is not as high as what is going up here in college costs in the public and private universities, and I think that is where we have to ask the question.

Why is that going up so rapidly?

There has been a series of articles by the Philadelphia Inquirer addressing that subject here recently and pointing out that, while enrollment has grown over the last 20 years by 28 percent, nonteaching administration in colleges has grown 83 percent.

In the last 15 years, from 1980 through '94, while medical costs—that is what we kind of focus on—is going up so rapidly in

this country, has gone up 182 percent, college tuition—this is just tuition now—has gone up 253 percent.

So, we really do have to ask the question, what is going on here? Why are our universities so totally out of whack with everything else in terms of what the costs of universities are?

I do not have an answer to that, but I do know that it would be literally impossible for the Federal Government to try and get this chart, this bar up here, what we are providing down here, the one that is not shown here, up as high as this—in other words, more than double what the inflation rate is.

The same thing that has caused us to deal with the Medicare program has caused us to have to deal with this issue, and it is something that does need to be addressed, but we are trying to meet our requirements for college loans and Pell grants.

Chairman KASICH. Mr. Walker.

Mr. WALKER. Let me just make one point. This is not the total solution, but it does maybe give you a sense of the prioritization, because the young man who talked a little while ago about this need to prioritize in the budget was absolutely right.

One of the best ways the Federal Government helps university education is through the money that we give to scientists who do research, and it is one of the fundamental places where the university community and the Federal Government interact.

We have, you know, our science programs prioritize university research.

What we have said is that, as we look at where we should spend the science money of the future, we are going to put the money into basic research, which is largely the money that comes through the National Science Foundation and other programs into the universities.

We think that the one way that we can assure that we get the kind of quality education in place and keep it is to make certain that we create the new knowledge necessary for the future and that we will do that, the Federal Government keeping its commitment to funding basic science at the universities.

Chairman KASICH. I would urge all of you to, you know, obviously, make an appearance like this and express your concern about the level of Federal support, but I would also make sure that you communicate your concerns about college costs right here on this campus.

As you should all know, administrative personnel has risen dramatically. The search for star professors has risen dramatically. When you get right down to it, the Federal Government is not going to give you $100,000 for your education. It is not going to happen.

The question is why are these things costing so much?

So, at the same time you approach the people that work in the Federal Government or the State government, all of whom offers aid, get the third leg of the stool in there and find out why the universities or colleges or whatever you go to keeps going up so dramatically in costs and find out what can be done about it.

Thank you, Jimmy.

Jennifer Turner.

Ms. TURNER. Thank you, Congressman.

I realize today that we are talking about the budget, and I believe—I am a firm believer that we do need to begin to cut our budget in this country, but I believe that, in times of cutting the budget, that those with money, with organization, with a voice in Washington can survive these cuts, but I am afraid, at times, that some cannot, those that have few lobbyists, few dollars.

Today, I am talking about people who have no voice and no vote. I call them the silent majority, and they are losing every day in this Nation.

They are the children in our public schools who are faced with ever-increasing violence and a poor educational system, and their funding is being cut.

I would just like to read very quickly a few statistics to back up what I say, and it might help people here understand the status of the schools of this Nation.

In 1993, more than one in five high school seniors were threatened at schools; 24 percent of students in urban schools and 16 percent of students in rural schools had had knives or guns drawn on them while on school premises; 20 percent of all public school high school students reported having been beaten at school; 23 percent have had their life threatened; 7 percent of our students in public school high school are afraid to even go in the school, and of those, approximately 13 percent of them carry weapons.

I find these numbers to be appalling, and all you have to do is look in the paper to see real-life examples of it.

To say violence and crime in school today can have a negative effect on the learning environment is an understatement. Violence and crime destroys lives, and it leaves a trail of desperate despair.

How can we expect the next generation of our citizens to be peaceful when in their schools there is so much violence? What will our future be if the greatest lesson these children are learning is that education is dangerous.

We spend a lot of money on working for peace in the Middle East, working for peace in Bosnia, Northern Ireland, and many other places around the world, and my question to you is when are we going to start working toward and spending more money on and stop cutting funding for the safety and peace in our school systems—children?

Chairman KASICH. Let me ask you a simple question. What would you spend the money on? Police? Metal detectors? What would you spend the money on to solve the problem of violence in our school?

Do you think we can stop violence by having a policeman in every classroom and a metal detector in every hallway? What would you do?

Ms. TURNER. Well, right now, actually 5 percent of all public schools have metal detectors in them, and I think that is a very reactive solution.

I think this government needs to begin to take a proactive solution to violence and to particularly begin to target the schools for violence and not just include it in an overall crime bill.

Some ideas I had were that, first of all, we need to start having smaller class sizes so that teachers can begin to pay individual attention to students and really understand what is going on.

I think, also, we need to keep schools open later. Actually, in the crime bill in 1993, there was a provision to keep schools open later so that students would have something to do, more hours under supervision, but it was cut because of extra money that we had to pay teachers.

Chairman KASICH. How is keeping them in school longer in the dangerous atmosphere going to solve the problem of violence?

Ms. TURNER. Well, actually, it takes them off the street, and that is why I said that what we have to do is to get——

Chairman KASICH. You were saying there was violence in the schools. Practically speaking, would you put a policeman in every classroom and a metal detector in every hallway? Practically speaking.

Ms. TURNER. Practically speaking, it could not be done, but in some schools it is needed, and that is why I feel we have to start taking proactive measures with, like I said, smaller class sizes and programs to help these children, to decrease the violence, and I am asking you, with this cut in funding, do you think it will be possible, or will we, one day, have to resort to policing the hallways as well as the streets?

Chairman KASICH. Well, let me ask you if you think that maybe we ought to let parents choose where their children go to school. Do you agree with that or oppose that?

Ms. TURNER. Tax vouchers? This is what you are talking about?

Chairman KASICH. Some kind of limited—I mean I do not even know if, necessarily, vouchers—but mother and father—they do not want to send their child to School A, but they would like to send their child to School B. Do you think they ought to have that right?

Ms. TURNER. I think that the public school system—what you are going to have, then, is an influx of students into, say, School B from School A, which is going to leave School A short of children, and it is going to create the same problems in School B, eventually, which appeared in School A.

I think it is a short-term solution, really.

Chairman KASICH. So, what you would do is leave everybody in School A.

Ms. TURNER. No, I did not say that.

Chairman KASICH. OK. So, then, why not let them choose to put their kid in School B so that School A can improve?

Ms. TURNER. But will it? That is my question now.

Chairman KASICH. The question is, if we leave them all in School A, they are not happy with their children in School A. So, why shouldn't they have the right to put their child in School B?

Ms. TURNER. Well, like I said, if you start moving children like cattle and moving them all around——

Chairman KASICH. No, it is just the opposite of cattle, because parents will decide where they want their children to go.

Ms. TURNER. I really think it all turns into the same type of atmosphere, actually. I think, when you move them from A to B or B to C, wherever, you are going to get children in overcrowded classrooms. The violence is going to just switch.

I think you need to look at the school that we have, take the problem, and instead of taking the children out of the problem, solve the problem there.

Chairman KASICH. Mr. Walker.

Mr. WALKER. My wife has been an educator for some years. She has seen the cycle of violence rise.

One of the problems that we have is the fact that the Federal Government and the State governments have now imposed restrictions on the schools as to how they can discipline students, even in terms of being able to get the violent kids out of school.

I mean you can no longer remove the violent kids from classroom situations where they are causing problems.

So, I would suggest to you that one of the actions the Federal Government and the State governments could take right now is to take a look at the regulations that we have now put in place that prevent the schools from doing what you are suggesting, and that is getting their students back under control.

Chairman KASICH. OK.

We have one more longer witness, and then we will go to the mobile mikes, and it is about a quarter to three.

We will go probably till about 3:15, and then what we will do, if you want to, for the members that want to stay a little longer, if you have specific questions, we will stay here and try to answer for a little while longer in a more informal mode, if that is what you would like.

So, we will hear from Stacey Akers.

Ms. AKERS. Good afternoon, gentlemen. My name is Stacey Akers. I am a junior, a French and English major, from Durham, NC.

Like Jen, I am here to talk about children. Like Ann, I would like to address the welfare program, and like Chris, I would also like to see the defense chunk of the budget cut.

Last September, at the beginning of this academic school year, one of the star professors here at Villanova introduced me to a very alarming statistic that I hope most of us are aware of here, and that is that one of every five children in the United States goes to bed hungry at night, and that is an increasing number, and I have seen one out of four in several publications recently, and to me, I think that is an absolute travesty of justice in this country.

I would like to target one specific program under the welfare blanket that is not an entitlement program that should be an entitlement program because of its success. This is the supplemental feeding program for women, infants, and children.

It is a program that most people are not aware of, but it just takes a little research to show what a successful program it is. It educates women, pregnant women, for the future.

During their pregnancy, it educates them on nutrition and how to feed themselves in their pregnancy and their children up to the age of 5. Not only does it educate them but actually gives them foodstuffs to take home and give their children.

Numerous studies done in the WIC program have shown that, depending on the State, every dollar spent in WIC, in different States, saves the government up to—anywhere from $3 to $6 in Medicare.

It does this by reducing infant mortality, low birth-weights, and very low birth-weights. It keeps these children out of the hospital.

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Under the block grants which are proposed in current legislation, this program, a successful program, I think the government would be shooting itself in the foot and losing more money by cutting this program, especially—under block grants, the money allocated to the States would cut the valuable administration of the WIC program, which educates these women, that keeps the program so successful.

What I learned in my study of the WIC program is that hunger is a symptom of a larger social ill, of a larger social sin, if you want to speak morally, and that is poverty, and it is something that is growing in this Nation at such a fast rate that the stereotypes of lazy people being on welfare just does not hold any water with this tremendous breadth.

You cannot account for 30 million-plus Americans being poor and working and still being poor on personal failure alone. There has got to be something else there that is wrong with the system in the United States, the social structure, that accounts for this.

It is several things—minimum wage, the lack of child care, the outrageous expensive health care, and it is a structure problem that the government, I think, is failing to address, and especially legislators who, as someone else said, are removed from this problem, and I think most of this country is removed from the poor.

You do not see it, so it does not exist, but it does exist, especially in rural and urban areas, and the structural systems that we see in the suburbs do not exist in rural areas or in the city.

You do not have McDonald's there. There are very few McDonald's, no grocery stores. They are little things.

OK. So, morally speaking—I just want to close on this note.

Morally speaking, we have an obligation to our fellow Americans to take care of them and solve this problem.

Chairman KASICH. OK. Thank you.

Mr. SHAYS. As a moderate Republican who has voted for a lot of programs that you wanted me to vote for, I look and see what I have done, and I think, yes, it is not just personal behavior of people but also government can cause more problems than it can create sometimes.

I think we have been a caretaking society instead of a caring society, and I think we have been giving people food instead of teaching them how to grow seeds.

There are a lot of programs that work in government, and there are a lot that do not, and sometimes government creates problems that it should not do.

For instance, we say, when you are an 18-year-old, you have got to help your mother pay—if you live in public housing, you have got to help pay for the rent, and it is 30 percent of the combined income.

So, whereas, if you live in a suburban area, you might live with your family until you are age 20 or 25 or 30, when a kid is 18 in an urban area in public housing, out he goes. That is government policy.

So, we are trying as a committee to try to see when the government programs work and when they do not work, when are we part of the problem, when are we part of the solution.

I would agree with you that we have a lot of problems out there, but I would like to say something. I do not walk in your moccasins, you do not walk in my moccasins. I am a representative of three urban areas. I have stayed at ho[illegible] I have spent the night. We all do this.

Please do not make the assumpt[illegible] just because you read it in the New York Times, that people [illegible] Congress are sometimes not there. We are living it day to day. I just want to say that to you.

Ms. AKERS. I was not addressing specifically Congress. I was addressing the large middle-class and 2-percent upper-class that I feel a lot of the legislature represent.

Chairman KASICH. Patsy.

Mrs. MINK. Thank you, Mr. Chairman.

Several speakers have noted that our priorities ought to be our children, and certainly, education is fundamental to their growth and their ability to assume their full responsibilities in a country that offers the opportunity.

So, I think that the comments that have been made by a number of speakers today are certainly at the heart of the dynamics of this democracy.

What we need to do is to capture the spirit that has been expressed here in terms of legislation that can actually be enacted by the Congress and supported by the people, and I think you have really hit on the points that I am in total agreement with, and I encourage you to keep in that direction.

Ms. AKERS. Could I just say one more thing?

With the exception of Mrs. Mink, as Republicans, how do you—I mean—I guess I do not want to address all of you or ask you all to respond, but how do you see block grants as sustaining this successful program?

Chairman KASICH. Let me just suggest to the people that are here today that if, in fact, we cannot make the 21st century a century of limited government and individual responsibility and individual integrity and about us caring for our neighbor without having to ask a bureaucrat to do it, in my judgment, we will slowly but surely destroy hope and opportunity in this country, and I am amazed at how many people here think that, if just the government will spend more money, we will fix these problems, because the government is saddling you with giant debt, and you know, the reason why I became a Republican was because I went to a school where I had to stand in line.

In the era of computer technology, in the era of tools that can help the individual become more powerful, you are going to be more powerful than me, and I was more powerful than my parents, and your brothers and sisters who are younger, in my judgment, will even be more powerful.

Our current welfare system is providing the incentives for generational dependency, and the single cause of poverty in this country are single women with children, and this entire welfare system, in my judgment, should be stripped out of the Federal Government and put back into the neighborhoods where we can design our own lives.

Now, what I would suggest is we need a compassionate society, but a compassionate society is not going to be one that is going to

allow you to graduate and then graduate into a climate where you cannot get a job.

Now, when we are done with our roving mike here today, I would like to make it even more individual.

I am going to stand right over in that corner, and any of you students who want to come up there and engage me, I am here, and we are going to have Representatives Kolbe and Shays and Walker and Mink and Hoke and Fox do the same thing, because I think we need to talk about what all of our visions are, and I would like to do it on more of a one-to-one basis than having this table here, because I have got a heck of a lot of things I would like to tell you about the way it works.

So, we will do that as soon as we get done with our roving microphone.

Ms. AKERS. Of course, the Governors are going to endorse it and ask for money for their State. Of course they are going to, but who is going to hold them liable for spending that money correctly?

Mr. FOX. The Federal Government.

Ms. AKERS. How?

Mr. FOX. We set the standards.

Chairman KASICH. We should have a confidence that each and every one of us can have an impact on making a difference, and it is a sad day when we think that we, living within the boundaries of the State of Pennsylvania, are not capable of running a welfare system designed to take care of poor people, because I think we can. I think we can.

I think we are better than thinking we have got to trust it to somebody we have never met, but we will get into this, and I will be right over here, and we will spread out throughout the gym, and we will be glad to dialogue and answer some questions, and I will stay here until I have got to get my airplane.

I want to thank the witness for testifying.

We are going to go to the roving mikes.

STUDENT. I am a freshman and an honors major, and I would just like to address some things that were just said. You say you want to encourage leaders, and Mr. Chairman, you say that you want to give the power to encourage those leaders back to the neighborhoods.

What about the neighborhoods like the one I come from, a burnt-out coal-mining town that does not have any coal left? They cannot afford to send me through grade school, let alone college. How would I be here if it was not for Federal programs, State programs?

You want to eliminate $36 billion in the Federal budget for education by the year 2002, and Mr. Kolbe, you said that you want to raise the Pell grant to the highest amount ever.

I would not be here without financial aid, and if that is cut—I can understand that the budget has to be cut, we all need to make sacrifices, but by sacrificing the future, all we are going to end up with is we are going to have a society where only the very, very rich and the very, very poor are going to get educated, and the rest are just not going to be able to do that.

STUDENT. I am a sophomore finance major, and you started to address the point of—well, the point I wanted to address was public versus private schooling and whether we should have a choice

in that matter. I personally have benefited from going to private school for 12 years.

This was a choice that my parents have made, and my parents have paid for it.

I was wondering if there has been considered a tax credit on the part that we have to pay to go to a private school or maybe a partial tax credit.

The people who are going to private school—it would take away the added pressure of overcrowded public schools, and I think that my parents pay their taxes and they are alleviating some pressures, and why shouldn't they get some money back for putting me in a private school?

Chairman KASICH. Thank you. We will have you come down here, and we will answer that.

STUDENT. I am a graduating senior with an honors in philosophy degree and very little chances of getting a job in the summer. I have two quick points I would like to make.

First, I would like to say that I take exception, if you are coming here to listen to college opinions, to the assumption that we cannot generate intelligent opinions on our own, shown by the way that you spoke to the student who made the environmental comments by suggesting that she had her opinions prepared for her.

The second comment I would like to make is that, if, as a 21-year-old student in the target population for many of these programs we are discussing, I can see through the political rhetoric that is being discussed about the budget deficit crisis and is being used to cut poverty programs in this country, I cannot understand why you as congressional Representatives cannot see through that same rhetoric, and so, my question is, Mr. Kasich, did you, indeed, just say that the single cause of poverty in this country is single women with children, because I find that insensitive and I find that a manipulation against the American public.

Chairman KASICH. Let me just say to you that the group that is most at risk are single women with children that comes from either divorce, nonsupport.

It is the single largest group of people who will find themselves at risk as we move through the end of this century, and it is a group of people that are in deep trouble, and we have got to start to fix it.

Mr. WALSH. Hi. My name is Jeff Walsh. I am a freshman history major. My question is actually more of a statement. It is bipartisan. I have a problem with the government as a whole right now. The budget that was just passed was 7 months late.

If I tried to get in a paper 3 days late, they would give me a zero, right? That only leaves 5 months left for next year's budget, and if the current trend continues, you will not pass that budget until November of next year.

So, I am wondering what kind of reforms on the structure do you think you should make so that you can get it done on time? If you cannot do it, then we will find somebody who can do it. I want to see some progress toward getting a budget passed on time.

STUDENT. In this chart where the money comes from, it says that individual income accounts for $628 billion and corporate income accounts for $168 billion.

If we could raise what corporations pay—I know, after World War II, corporations paid a higher percentage than they do now. If we could raise it even by $100 billion—I do not know if it is economically feasible or not—it would eliminate a lot of the need to cut these programs.

A second proposal is—what would you do to increase the national savings rate? Because other countries like Germany and Japan have double and triple our national savings rate, and we cannot succeed economically in the 21st century with the rate that we have now.

The third question is—we are beginning to allow the bottom 50 percent of high school graduates—I know Germany has a program to train them, and in this country, if they do not get a job or they cannot work for minimum wage, they are in the street.

So, I think that we should have a plan, like a comprehensive plan to take care of the bottom half, and what are your suggestions?

Chairman KASICH. If you want to come over, we will cover that topic, as well.

STUDENT. I am a sophomore political science major.

In regards to education, I think that, if we provide some more tax cuts for big businesses and put that money into education, into making the schools better, that, in the long run, would pay off with a benefit, and in regards to if I think I will be more well off than my parents, yes, I think I would, because I have the desire to do so, and if we try to instill some of that desire to other people, I think more will be better off than our parents.

STUDENT. I am a sophomore finance major from Auburn, NJ. I just have two comments.

You said that you have saved the most money since World War II on the budget. What about those days that the system was shut down and employees were paid for it because the budget was not reached?

Also, I would just like to say, in reference to taxes, my father is a very hard worker. He came from nothing, did not go to college, and he has made a very comfortable life for himself. My father has worked so hard, and he does not get what he deserves.

Chairman KASICH. Thank you.

STUDENT. I am a senior mathematics and honors major.

My comment is—Mr. Hoke said that he expressed moral indignation about the fact that we are taking from our children when the Federal budget increases and we have increased debt and it is practically stealing, and I just wanted to express my moral indignation about the fact that we let our children die, that our infant mortality rate is one of the highest of all industrial nations, and I think that we do have to have a fiscal responsibility, but we also have to have responsibility to the most vulnerable of our citizens, who are our children.

Chairman KASICH. Thank you.

STUDENT. I am a freshman engineering major from Connecticut.

In regards to education, I believe that giving parents the choice to send their kids to a school is a real good idea.

I feel that, this way, the schools who show that it is a proper school to attend—if it was not such a good school, then they would

have to make sure that they would have to raise their standards, so that parents would see the school in a good eye, and if that school is not so good, then they would have to close their doors.

So, by sending the kids—by having parents send their kids to a school that they would like, it would give the parents more choice and allow more of an increase in education in America.

Chairman KASICH. Thank you.

STUDENT. I am a freshman liberal arts major.

I would like to say there has been a lot of talk about welfare. I think the best thing to create jobs in this country and raise the minimum wage is to cut the capital gains tax, so that there would be a trickle-down effect.

Chairman KASICH. Thank you.

STUDENT. I am a freshman and will probably be a political science major.

I am also the daughter of a single mother who got herself off welfare, and I think it would be a crime if welfare is either diminished or cut, because then those who did work to get off welfare and were successful in doing it would not have the opportunity to do it.

What we need to do is either make a maximum time where a woman could be on welfare or either monitor the possibility of actually working.

I want to commend my mother for doing it, and she is having a real rough time of it now. I have also got a younger sister who will be going to school in a couple of years. My mother made $17,000 last year, and without financial aid, I would not be here.

So, I think it is also really important that the financial aid is continued and increased and not decreased.

Chairman KASICH. Thank you.

STUDENT. I am a freshman accounting major.

One point I would like to make is that, first, I do not think any of us—no, I am sorry—I do not think most of us are going to be able to recreate the standard of living that our parents have given to us, and second, about Social Security, first of all, I do not want to have to pay benefits for you, I only want to have to pay benefits for me.

Chairman KASICH. It is about 10 after. We will take a few more and then we will break up into our smaller groups and have some more discussion.

Yes, young man.

STUDENT. I am a junior finance major.

What I see on Page 14 are a bunch of programs that I do not benefit from and my parents do not benefit from, and basically, we pay taxes, and we do not benefit from these programs, and I think it is a shame when my parents cannot get help for my college tuition, and yet, I see all these programs, and we do not get anything out of it, and at least something substantive would be nice, like if you give my parents a hummer or something like that.

Chairman KASICH. Thank you.

STUDENT. I am a senior political science major at Villanova.

My comment is about welfare and, once again, about the issue of childhood hunger. I would like to say that I am having a hard time—I feel that we are getting double-talk.

STUDENT. Thank you for coming, first of all. Second of all, I am a sophomore political science major.

I think that we need to take responsibility for ourselves, and I think we need to remember that the Federal Government can only do the things the Constitution says it can. We are asking for too many things from them.

If anything, we need to bring some power back to the local institutions, so we can do more for ourselves.

STUDENT. I am a sophomore. I am from Cleveland, OH.

I am amazed that the issue of raising the minimum age came up several times. Mr. Hoke said it best, I think, when he said that it is actually an economic issue, and it has been politicized.

I am not going to get into any economic theory on it, but I will give you just a personal account.

Last summer, I ran a small painting business, and there is no way that I would have been able to afford to pay the minimum wage. I only employed maybe seven people. I am sure there are a lot more people that are in the same kind of position with a small business.

I think that raising the minimum wage is denial of the real economic facts of what the real ramifications of it would actually be. So, I honestly hope that that is just the position that you are taking and not actually something you plan on advocating.

Chairman KASICH. We are going to take one more here, and then Mr. Shays has asked that a few moments be given by the committee to respond directly to some of the questions that were asked here, and then we will break up.

What we will do is we will respond to some of the questions that were asked here, and then we will break up into the smaller groups, and I would encourage you to stay.

STUDENT. Thank you. I just want to make a few points.

First, I would like to thank you all for coming out here. A few people here have criticized you, and people around the Nation criticize you for not caring, and I think, by being here, you have showed them different.

Getting back to the minimum wage, unemployment is caused by lack of supply of good labor, rather than demand for jobs, and seeing that, I believe that, instead of raising the minimum wage, if we use that money for job training programs to teach people without skills a different skill, they would go out and find a job, one that would pay greater than minimum wage.

Instead of increasing the minimum wage, we should spend that money training the unemployed and those that have lost their job recently to Mexico or technological improvements.

Chairman KASICH. Let me take a moment to respond to one of the questions. This young man said if you turn your term paper in late, you get a negative, a zero grade, and why can't Congress do its job on time.

Mrs. Mink has got to get her train.

Thank you for being here, Mrs. Mink.

Mrs. MINK. Can I just say, Mr. Chairman, I appreciate all of your attendance here and staying through this hearing, and we certainly appreciated your comments, and we will take them back to Washington. Thank you for coming.

Chairman KASICH. Let me just tell you—and maybe we can—because we are getting smaller—Mr. Kolbe left and Mrs. Mink. Maybe we can continue to just do it in this format, in more of a direct dialogue.

Look, the situation is we are fighting for dramatic change in Washington.

We really believe—you know, we are hearing about people who cannot get paid decent wages and what is going to happen, and there was a young man here who raised the question about what are we going to do to improve the national savings rate?

Do you know that, if you save in America, you get penalized by the government? Did you know that?

Now, the reason we can do that is so we can tax people, so we can fund all these programs, and then one young lady said—she said her father is—works very hard, and he gives half of what he earns to the government.

Well, are we going to tax him more, or are we going to try to figure out a way to make these programs more efficient or eliminate the ones that do not work? I mean this is not complicated stuff.

We believe that if, in fact, we do not increase the savings rate and the investment rate and eliminate debt and cut bureaucracy in this country, this country will slowly but surely grind to an economic halt, and we will have rich and poor.

Now, we were in a fight in Washington against what I call the Washington establishment. These are people who basically believe we should just keep doing things like we are doing them.

Now, you see, I have a different philosophy. My philosophy is I do not think things work out of Washington anymore.

Some things do, but most things do not, and my personal view is the way in which we are going to solve problems and fix this country and accelerate into the next century is not by making you stand in line and giving you big debt and by forcing you to call a bureaucrat every time you want to do something.

My view is the 21st century is going to be a successful century if we let you do what you can do on your own and give you incentives for excellence.

Now, the only way we can begin to save money is to save money. The people in Washington do not want to cut programs. You know one of the programs we eliminated? A program that gave $12 million last year to kill ticks in Puerto Rico.

That program has been going on for a dozen years, and we spent $100 million on killing ticks in Puerto Rico.

Now, if we had to get a budget 9 months into this year, it would not matter to me if we could not eliminate wasteful programs like that.

You are being ripped off, and I am not interested in the trains running on time and being judged by a bunch of Washington insiders as to whether we are having change.

You know, we call ourselves in the middle of a revolution. In revolutions, the tables get upset, the china gets broken, and you know who we are fighting for? We are fighting to try to balance budgets and give you your power back.

Now, what I heard a lot of today? A lot of frustration and anger over the fact that it just ain't going your way, and you do not know whether it will.

Well, to quote somebody, I feel your pain, and I am going to suggest to you that larger government, more debt, more Washington solutions run by people who do not know you—they do not know who you are—is not going to fix this, and so, we are systematically trying to take people's power, money, and influence from that city and put it back into the hands of people in our neighborhoods and begin to trust ourselves to fix problems with local solutions.

Now, some people do not buy that. They think that, well, if you let the States do it, they will screw it up and that, you know, we are not capable of fixing this.

Well, you know, I got news for you. We ain't fixing it now, and I do have confidence in local people being able to demand excellence and show proper compassion.

So, the budget got done late, but as a result of it getting done late, we are $23 billion less in debt, and that is a terrific Christmas present to give to the babies that are born in the hospitals in Philadelphia.

Did you know that, if government keeps operating just the way it is operating, then a baby born today in a hospital in Philadelphia will only get to keep 16 cents out of every dollar he or she earns.

That will not work, and the only way you are going to get that down is to start fixing some of these fiscal problems and start trying new ways, which put you, essentially, in charge.

I think Mr. Shays wants to say something about student loans, and we will be glad to take a few more questions here, and I think Mr. Fox wants to say something, as well.

Mr. SHAYS. When I came to this hearing, my wife said—she said you do a lot of listening and not a lot of talking, and so, there were a number of questions that I was so tempted to answer the questions that you want answered, but our purpose here was to do some listening, but I want to address three points.

I want to address your point, because it was a very good question, as were the others.

First, one of the challenges that we have is, in the last 22 years, our national debt has gone up 10 times, 10 times in time of peace.

Now, when we fought World War II, we had a national debt, because we had to win the war and we did not care how much we spent, and we knew, afterwards, we would have to balance the budget. That generation took 2 years, just 2 years to get back into balance.

In 1947, they had a balanced budget. Why are we saying, oh it should take us—what is so magical about 7 years? There is nothing magical about 7 years. Why should it take 7 years?

If they did it after World War II in just 2 years to balance the budget after gigantic debt, why are we saying it is going to take four Congresses and three Presidents?

So, one of the things is seven is not magical. I think it should be done in three or four. Seven is the compromise, and I regret that it has taken us so long.

In terms of block grants, where do you see innovation? You do not see it coming out of Washington.

In Washington, they would look at all the people in this room, they would say we have got 500 people, the collective shoe size, and then they say, OK, you divide the number of people by the collective shoe size, and then they say then ration it to every State, here is a size 8, wear it; when the shoe size is size 10, wear it, it is an 8, you wear it; my shoe size is a size 4, wear it, it is a size 8, because that is what comes out of Washington.

What we are starting to see happening in Massachusetts and Ohio and Michigan and Wisconsin and Arizona and Florida—we are seeing tremendous innovation coming from people in local and State governments, and that is why we want to move toward block grants.

I will give you one example. The school lunch program. Remember President Clinton going into the schools and saying the Republicans, this new Congress, has cut the school lunch program, telling school kids that they will not have a school lunch next year?

What did we do? The school lunch program is going to increase 5.2 percent more each year. We said it should grow 4.5 percent. It is going to grow each and every year by 4.5 percent.

But then what did we do? We said we are going to allow States to adjust 20 percent of the grants, the school grants.

I make a nice salary. My wife makes a nice salary. Every student in this country is subsidized 17 cents. Why is my daughter in New Haven, CT, subsidized 17 cents?

We are now allowing States to reapportion 20 percent of it, so my district in Bridgeport can get that 17 cents instead of my town in New Haven, and we want that flexibility.

If you want a one-size-fits-all, then you want it to come out of Washington. If you want some innovation to deal with some of these problems, then you are going to want to look at some of the block grants.

I would just end by saying this. We are in a big battle. It is whether the elderly get all the resources and young people get none, and it is a concept of opportunity cost. If you spend your money, you do not have the money to spend here.

If you are going to spend all of it in Medicare and all of it for Social Security and on and on and on, we do not have enough left over for the kids that need it.

I will end with this comment.

Mr. Rabin, before he was shot, said politicians are elected by adults to represent the children, and right now, children are not getting the attention they need, because we are doing too much for one generation at the expense of our children, and I believe with all my heart and soul that this new Congress is trying to adjust that, trying to represent the children who are getting screwed right now, frankly.

Chairman KASICH. Mr. Hoke is going to defer until we get a good question here that he wants to speak to.

Yes, young lady.

STUDENT. I am a freshman astronomy and astrophysics major, and I wanted to bring up a point that is a little different from everybody else's and it may be directed to Mr. Walker, since he is the science Representative.

There have been many, many, many budget cuts as far as NASA and the space program is concerned, and people are continuously talking about taking from the children and that we should not be doing it.

Yet, when President Clinton cut the space station from 44 feet to 22 feet, that cuts the amount of work space that can be used to discover and to research things for our future, and I have trained in the simulator of the original plan of the space station, and cutting it in half just will not work.

How can they expect us to be able to do research for the future if Congress keeps cutting the budget that NASA has?

Mr. WALKER. Well, NASA, you are right, has had significant budget cuts. I would tell you that most of it is not being taken out of technology. Most of it is being taken out of the overhead.

We have inspectors who inspect inspectors who inspect inspectors who inspect inspectors who inspect other inspectors, and it costs us an enormous amount of money. So, what we are trying to do is bring down the overhead.

Most of what we have taken out of NASA's budget is in that regard.

The redesign of the space station was done for a variety of reasons. There were some technological questions that arose with regard to the space station design. You will not find a more long-term advocate of the space station in Congress than I am.

I have been the principle promoter of it, probably, in the Congress, but I do believe that the present design, to which we are bringing international cooperation, is the right design, and in order to accommodate the Russian participation, we had to redesign the size of the station and some of the modules.

I still think we are really going to have the most unique laboratory in the history of human kind, once we build it, and I am delighted that we now have it on track.

Chairman KASICH. Let me also respond to a question that was raised here by a young man who came from a coal town in Pennsylvania who said he could not get a college education, I guess, but that he was a student here, I would presume. Is he still here? OK.

First of all, what we tried to do with Pell grants is essentially—I mean we—what we essentially wanted to do is to make sure that Pell grants, which is a grant, which you do not pay back, goes to the neediest people and that the Stafford loan program, which most of you get, is still provided. OK? You still get the Stafford loan program.

The one proposal we had in our budget a year ago was that the interest on that loan would begin to accumulate when you got it. You would not pay it back until you graduated, but it would begin to accumulate. That proposal has been dropped.

Now, I am going to suggest to you that student loan money continues to go up, that college costs are increasing at twice the rate of inflation. Why don't you get in there and start asking your administrators why you have so many nonadministrative teaching personnel?

You know the biggest cost at school? Personnel. Find out.

We are going to give you more, and we give you more each year. I tell you one thing, when you get it, we are going to try to make

you pay it back. You get a student loan, you ought to pay it back. It is a radical idea in America.

The idea that the Federal Government is going to fork out, you know, $22,000 for every student that wants to go to Villanova means that—remember what I told you about the 16 cents on every dollar?

Well, we will make it—you know, you will get to keep 10 cents on the dollar when we get done.

So, I mean, you know, I understand your frustration and your anger about all this, but it is a little bit more complicated than the Federal Government will pay my whole $22,000. It just simply is not going to happen.

By the way, I have a brother and a sister that both graduated from Penn State, and I graduated from Ohio State, and my dad carried mail on his back, and I did not carry any loans.

Mr. Shays.

Mr. SHAYS. The student loan now is $24 billion, growing in the seventh year to $36 billion. That is a 50-percent increase in student loans under our program. Only in Washington, when you spend 50 percent more, do people call it a cut.

STUDENT. Hi. I am a sophomore political science major and education minor.

Earlier it was mentioned that we are the superpower of the world. I feel that we need to deal with our own problems before we go around taking on other people's problems. I think that education is a very important thing.

The students that are growing up now are our future, and that is something we cannot afford to lose.

I am from Massachusetts, and Mr. Shays mentioned that Massachusetts is working on new programs, and I appreciate hearing that, because I did not know that.

As far as Pell grants go, my brother is going to be a freshman, and my mom will make $30,000, and we are not eligible for a Pell grant.

Chairman KASICH. First of all, the defense budget, over the next 7 years, is going to be frozen.

I do not happen to agree with my party in that area, I think we could save money, but I will tell you, going from $24 billion to $36 billion over the course of these 7 years is a significant increase.

No one is talking about cutting Pell grants or, you know, doing away with your student loan. It is going from $24 billion to $36 billion.

Now, maybe it can go to $37 billion, but that, then, means that one of these other programs we want has to go down and, at the same time, as you know, we are $5 trillion in debt.

Now, we can raise people's taxes higher, but that does not seem to get it done either, does it?

So, we are going to keep education a priority, but what you have to say is why do college costs go up so fast? Have you ever asked anybody at this school that question? What do they tell you? To raise prices higher?

That is what it maintains in the Philadelphia Inquirer, is that, frankly, to some degree, throughout the '80's—I do not know that

I buy this article—that, you know, the more expensive it was, apparently, the better the reputation it has.

I will say that I think the graduates of Rutgers University can compete with the graduates of any university in this country, here as well as Princeton, but we are going to—education keeps going up. I mean from $24 to $36 billion is pretty good.

So, we got your message.

Mr. WALKER. Nothing gets more public money than does education. It is State money, it is local money, and it is Federal money. It is a case where you have to look at all of the spending that takes place, and in that category, education ranks No. 1, and should.

STUDENT. I am a sophomore. I have to get going, because I am late for a meeting, and I am going to make this real brief. It is more of a general point I wanted to make.

My one question is, you talk about change in the government, but it really sounds like you guys are going to be doing the same thing. I just want to know when we are going to stop looking down and we are going to start looking up for people that are causing the problems in our society.

Businesses are leaving the inner city, leaving no one work for the inner cities, and then we are not even giving these people educational opportunities. So, when are we going to stop blaming them for the situation?

When are we going to start looking at the big businesses and see what they are doing, or is it that we are scared of the big businesses, because they have the power, they have the money, and we all know, in our society, whoever has the money has the power.

Chairman KASICH. Let me just say to you that we have an increasing number of kids that are graduating from high school who are functionally illiterate, and what we have—and this is not my opinion, it is the opinion of a very distinguished Democrat by the name of Ben Wattenberg—because I think what is happening, increasingly, in our schools is that, whether it is because of violence or whether it is simply because the classroom itself is not in control, we are not getting students learning, and when they are graduating, you know who is educating them? Business.

Now, we have looked at countries around the world where we had government try to run business. That is what they did in the Soviet Union. That is what they did in the Eastern bloc. That is what we call socialism. It does not work.

All over the world, people are rejecting the fact that government can run business.

So, what we really need to do is we need to have an education system that gets results. You see, you just do not say I am going to spend money on education because it sounds good.

I want to have money spent on education where children learn, and they are judged not by Washington but by their own parents, guardians, grandparents, neighbors, loved ones, and we have got to demand excellence, and I believe that part of demanding excellence is to give people the right to choose where their children ought to go to school, because I believe competition works.

Now, we have bills in the Congress to give businesses huge incentives to stay in areas of high unemployment, and we encourage them to do that by reducing their taxes.

Now, it would be a terrific thing if we could expand the enterprise zone concept, and in terms of job training, you really need to give the people who have the jobs the incentive to hire the unskilled and give them a skill so that they can get paid a decent wage, and I believe that, whether it is job training or whether it is education, it all gets back to the simple concept of being able to handle this thing in our own neighborhoods, and beyond that, if you have a government that keeps ringing up enormous debts, businesses do not expand.

So, it is not very complicated. There is no silver bullet.

It gets back to doing things that made us successful for a couple of hundred years, and in terms of the social service safety net we have, in our society it is a sin not to help people who need help, but it is equally a sin to help people who have to learn how to help themselves, and we have a welfare that has generated generational dependency and has been unfair to people who work, and so, we need a total revamping of this, and the revamping cannot occur in Washington.

It has got to occur right in our neighborhood, so that if Mrs. Smith has a couple of children that are sick, we can help her, but if Mr. Jones does not want to go to work, we have got to move him off the rolls and get him to work.

It is a sin to not help people who cannot help themselves, but it is a sin to help people who must—who can help themselves, and I maintain there are a lot of people on welfare who should have to go out and get a job, and I think that we have a system that has encouraged people not to get a job, and I think it needs to be changed, plain and simple.

STUDENT. How are we addressing the point that it is a sin not to help those who cannot help themselves?

Chairman KASICH. Well, we are. We give them more food stamps. You know what we are going to give them in welfare over the next 7 years? Close to $1 trillion more. Close to $1 trillion more in welfare spending. What are we giving the taxpayers?

Mr. WALKER. We tried to eliminate corporate welfare, we tried to zero it out, and one of the things that we fought about during this budget period and so on was that the administration refused to allow us to eliminate it. We tried to go after the big corporations, and we lost.

We are not going to lose in the future. We are going to get that.

Chairman KASICH. Let me just say one thing to you. I want to encourage you to stay in your field.

This is not a universal judgment, but there are a great number of people who are in social work who get frustrated by the bureaucracy and the regulations that keep them from being able to show real compassion.

You cannot live in America without wanting to help people and needing to help people who are in need, but I commend you and your class to read a book by a man named Marvin Olasky called "The Tragedy of American Compassion," which argues that the history of caring for the underprivileged in this country was not the role of government and that the people who were in charge adopted as their religion and their goal in life—God bless them for it—to

try to help people who were underprivileged did not want the government involved.

You know why? Because the government had an impossible time distinguishing between those who needed help and those who did not.

You need to read this book, young people. It is called "The Tragedy of American Compassion," by Marvin Olasky. You read it. It is very instructive.

Mr. WALKER. As far as I am personally concerned, it would be very nice to get the special interests out of politics, period, and get people back involved and particularly get the parties back involved.

Mr. HOKE. I would like to second what Bob said, but I would go a little bit further.

I am one of just two dozen Members—actually, 23 Members of Congress—who will not personally accept these contributions, and I have fought to eliminate PAC contributions completely since I have been in Congress.

I think we should eliminate PAC's. I think that we should eliminate the soft money contributions that you are talking about.

I think that over half of all contributions should come from—actually, I would go for 100 percent of contributions from in-district, but it is—constitutionally, apparently, it does not pass muster.

Finally, I would say that, when it comes to the campaign that the AFL–CIO has launched—and what they have launched is a very thoughtful—and John Sweeney has done a heck of a job with this, but the problem with it is that it is partisan politics masquerading as special interest politics, finally masquerading as grassroots politics, and the fact is that it is absolutely a front campaign for partisan Democrat candidates, and when you have $35 million going into 70 districts, every single one of which is a Republican's being attacked and being smeared, it is clearly a partisan issue, and it ought to be addressed that way, and it ought to be disclosed that way.

Chairman KASICH. I would like to just kind of stop on—I mean we have got a good flavor. I just do not want this to be a partisan—I mean I think Martin said what he wanted to say, and I happen to agree with him, but we do not have somebody here to represent the other side.

I will say this to you, young man. I think we—you know, we changed the laws to create PAC's in 1974 because of Watergate. Did you know that?

This was the reform that we made to fix the system, and now we are going to do another series of reforms to fix the system. We will go back to the way we did it before Watergate. OK?

Look, you know what it gets down to?

It really gets down to integrity, and we can do these mechanical things, a lot of which I agree with, but the bottom line is going to be the people go to the House floor and vote the best interests, frankly, of their country, more than just their districts, and that is not something money can buy, and that is why it is so important that we are so careful about who it is we do elect, so that people can call them like they see them, exercise the kind of independence that may be necessary in doing your job, and I think that is just an awful big part of it.

You know, it is kind of like trying to legislate values. I mean, to some degree, you can do it around the edges, but values is not something government can do, it is something that we get from ourselves, isn't it? So, that is what we have to kind of keep in mind on this.

Do not get me wrong when I say that I think we should transfer power from the Federal Government to a State government.

Frankly, I think a lot of this power ought to be taken out of government, period, and should be put into your hands and local community organizations that are not governmental.

I will tell you that many of the programs that we have in Washington involve the sending of money to Washington, touching all these different bureaucracies. Take job training. We have about 120 separate job training programs, all of which burn up money.

In the literacy area, I do not know how many programs we have, but I would bet you that we have a number of literacy programs that are—you know, that also burn up valuable resources.

I have got a question for you. Instead of sending the money from Philadelphia to Washington so Washington can then send it back to help you in your neighborhood, why do you have to send it to begin with? You know what I am saying?

Two things about the literacy programs.

One, if they are not consolidated, we ought to consolidate them.

Two, education primarily is the job of State and local communities, State governments, local communities. The Federal Government gives about 6 percent of the money to education. I would not take it out of everything.

I think the handicapped education run by Washington is good, but frankly, we ought to block grant those things that we think are Federal responsibilities back without having all these categorical programs, and secondly, those things that, in fact, we can keep the money here, I think it makes more sense, so we have more resources to go around, and thirdly, I want to compliment you on volunteering and trying to make a difference in your community, and I really think that that is part of the future.

You know, a lot of people would say it is not realistic to think that Americans will do good for those that do not have on their own. I do not subscribe to that, because if Americans will not do good for people who do not have, America will cease to be the great place it has been.

We will have to check into this literacy program and why it has lost its funding, and we have got some people here that could check it out, and we would like to do that. OK?

We will do a couple more, and then we will go.

STUDENT. The question I have for Mr. Walker is a comment that he had made on education and violence in the schools.

You stated that we should take students who are violent out of the schools. I am not really certain that is achievable.

Mr. WALKER. They have a child who is coming to school with a gun, and they cannot take that child and discipline them in some way.

All I am suggesting is that maybe these regulations that were put in place for whatever reason are not working very well and that we want to allow educators the kind of freedom that they used

to have to run their schools in a way that kept the schools safe and made certain that the children were getting the best possible education.

When I taught some 30 years ago, we did not have the kinds of problems in the schools that even suburban schools are seeing now, because we had the ability within the school district to take care of the program.

All I am suggesting is that some of the solution for violence in the schools is deregulation of the schools, not more bureaucracy.

STUDENT. When you speak of the freedom of the educator, what does it entail?

Mr. WALKER. Well, it entails, for instance, allowing principals to set discipline standards in their schools and allowing them to run the school, and that may be different in a school in suburban Lancaster County than it is in downtown Philadelphia, but you need to have the kind of flexibility that allows educators, who understand what it takes to have good education in their school, the flexibility to do that.

I do not think we can design a program out of Washington that fits both Chester County, PA, and Los Angeles, CA, and that is what we are trying to do right now, and it has not worked, and in fact, it has undermined the integrity of the legislative programs and has, in fact, undermined the education quality in schools nationwide.

Chairman KASICH. Let me make one other comment, really two comments.

One is it is unbelievable how the family is collapsing in our country, and I mentioned the fact that the single largest group that will find itself in poverty at the end of this century will be single women with children, caused to a large degree because of divorce, and you know, we are back to this question of family values, and it is something that government can only do in minor ways, although we have a proposal to give families tax credits—the President has one that is smaller than ours but yet has one.

This is a real concern of mine, when we have violence in the classroom. When I was in school, we did not have this. I mean this was not even an issue, and this is a deeper question than how much more money can we spend to prevent violence in the school.

The real question is why do we have it there to begin with?

The other thing I wanted to say to you, young lady, is that I am very troubled by an attitude that we do not trust ourselves to govern ourselves and, therefore, we should trust somebody who we do not know at all, that somehow we have the attitude that somebody we do not know may make it all come out better for us than us trying to fight through it ourselves.

For example, with Governor Ridge, I will promise you that you have more ability to influence Governor Ridge than you have somebody that is working in Washington, and you would have more influence over somebody who is your county commissioner than you would Governor Ridge.

You see, government closer to the people is more accessible to the people, and so, I think it is just very important that we begin to think about whether we have confidence in ourselves to govern ourselves into the next century.

I guess we are running a little bit short on time, and what I think we will do is—I want to let—Martin Hoke wants to say something.

We have one last one here, and then we have got to wrap up, and I think we are going to do something with the press, and then we are going to scoot out of here.

Yes, sir.

STUDENT. I think the government has to know when to help, and then pull back and let the people stand for themselves.

You spoke about compassion. It did not seem that you had much compassion until one of the ladies in the back criticized you quite heavily. All of a sudden, you seemed to have a lot more compassion.

Mr. Shays up there has shown, at least to me, a lot more compassion than you have.

I also believe that compassion is a form of education, a form of education that is not necessarily found within the school. It is found within the community and society.

Chairman KASICH. Mr. Hoke.

Mr. HOKE. I will be very brief. I think the woman is still here who said that she was concerned that there was some condescension on our part.

John graduated from college in '74, and I graduated in '73. I think we were probably telling you more about ourselves.

I know that, in the 4 years that I was in college, if I had a suit on once or twice, it was an awful lot, and so, we are really kind of impressed, is what it boils down to, that there are so many people so well-dressed.

It just was a different time in college.

Chairman KASICH. Let me suggest that I am a baby boomer, but I do not think of you as Generation X. Generation X was before you.

I do not know what this generation's students are, but each generation of people, you know, postwar and all that, it does depend on the individuals.

I want to just close the hearing.

There is a sense of frustration in this room that, frankly, is not much different than the sense of frustration you hear all across the country and the fear that tomorrow may not be better.

I believe it can be better, that is what we are fighting for, and you do not always fight for a better tomorrow with more compassion, sometimes you fight more with determination, and that is the best form of public compassion.

Let me also thank Villanova University and all of you.

I think that the question and answer session may be a useful way to do this.

It is tough to get the format in place that allows everybody to communicate to the degree they want to, but I really want to thank all of you for being here, particularly the people that did the sound and the lights, and the university itself for taking the chance of having us here, and we will see you all again.

[Whereupon, at 4:05 p.m., the committee was adjourned.]

ISBN 0-16-052917-4